



Secretary of the Air Force  
Office of Legislative Liaison

**C O N G R E S S I O N A L**  
**H E A R I N G R E S U M E**

**106th Congress \* Second Session\***

**Date: 10 Mar 00**

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**SUBJECT: FY01 Military Construction and Family Housing Budget Request**

**COMMITTEE: SASC, Readiness and Management Support Subcommittee**

**CHAIRMAN:** The Honorable James M. Inhofe (R-OK)

**MEMBERS:**

**REPUBLICANS**

\*James M. Inhofe (OK)  
Strom Thurmond (NC)  
John McCain (AZ)  
Rick Santorum (PA)  
Pat Roberts (KS)  
Tim Hutchinson (AR)

\* Members present at hearing

**DEMOCRATS**

\*Charles Robb (VA) Ranking  
Jeff Bingaman (NM)  
Robert Byrd (WV)  
Max Cleland (GA)  
Mary Landrieu (LA)

**WITNESSES:**

Mr. Randall Yim, Deputy Under Secretary of Defense (Installations)  
The Honorable Mahlon Apgar, Asst Sec Army, Installations, Logistics, Environment  
Maj General Robert Van Antwerp, Asst Chief of Staff for Installation Management, USA  
The Honorable Robert Pirie, Asst Sec Navy for Installations/Facilities  
Maj Gen Harold Mashburn, Asst Dep Chief of Staff, Installations and Logistics, USMC  
Rear Admiral Louis Smith, Commander, Naval Facilities Engineering Command,  
The Honorable Ruby B. DeMesme, Asst Sec Air Force. Manpower, Reserve Affairs,  
Installations, and Environment  
Maj General Earnest Robbins, The Civil Engineer, United States Air Force

**Information contained in this resume was obtained during an open hearing. It will not be released outside of the Department of Defense (DOD) agencies until published hearing transcripts have been released by the Committee, and only to the extent it is in accord with published hearing procedures.**

**Prepared by: Major Lucian Niemeyer**

**Date: 13 March 00**

**EXECUTIVE SUMMARY:** The Committee reviewed the Department of Defense's Military Construction and Family Housing programs for FY2000. A second panel presented testimony on the military construction requirements needed to implement the National Missile Defense Initiative. Hearing was cordial and cooperative. No surprising questions or issues. Lamentation about small funding requests. Plenty of discussion about housing privatization with a lean towards extending existing legislation set to expire on 11 Feb 01. OSD fielded most of the questions with minimal answers taken for the record

**Chairman Inhofe called the hearing to order at 0910.**

**Senator Inhofe: (Opening Remarks)** The committee voiced continued frustration at the diminishing size of each Service's military construction funding request, particularly in the Reserve and Guard components. The committee voiced support of extending housing privatization authorities, but pointed out the extremely slow execution of projects by the Services. He also questioned the amount of consultant costs associated with housing privatization initiatives. Finally, the committee criticized the Administration's position to eliminate 5% contingency funding from each construction project, severely limiting the ability of each construction execution agent to respond to unforeseen sight conditions, acts of God, and other events during project execution.

**Sen Inhofe:** How do we improve the housing privatization process? **Mr Yim:** Enabling legislation to help us buy down the BAH beyond 15% will go a long way to attract quality developers. Consistent with a recent GAO report, we also have to get better in the calculation of housing requirements, better consistency in life cycle cost analyses, and more aggressive use of authorities to craft good deals for the government.

**Sen Robb:** How much has been spent on consultants and how can we accelerate the process? **Ms DeMesme:** We have spent about \$10M to date for ten initiatives. We are actively pursuing and plan to spend another \$2.5M on the proposed FY01 projects. One issue is the personnel reductions in HQ management, which does not allow enough people to be able to quickly work initiatives like housing privatization. In addition, the expertise we need to help in this process is not a primary core competency among our staffs. We compensate by trying to bring in others to use their financial expertise and resources.

**Sen Robb:** The Services originally requested it and assured us they could execute. Are you now saying that you cannot and we should withdraw the authority? **Ms DeMesme:** We're committed to the process and believe an extension of the authorities will allow us to continue a balanced approach.

**Sen Inhofe:** In light of a recent GAO report condemning the Air Force and Navy for the mishandling of funds for the renovation of General Officer Quarters, What has been done in the AF to prevent a future occurrence? **Gen Robbins:** We complied with internal AF policy in the past and are complying with recent Congressional direction now to restrict the use of O&M funds. We also plan to meet all our congressional notification responsibilities. **Sen Inhofe:** Is \$25K enough for each quarters? **Each Service:** No firm answer. **Sen Inhofe:** Does OSD plan to issue any direction? **Mr Yim:** Other than following all intentions of congress, no additional guidance. We are interested in allowing

the Services to use other “private donations” to assist with upkeep and to address the underutilization of historic facilities with enhanced-use leasing authority. We should also work to eliminate the space by grade designations to allow greater flexibility without a waiver for developers to satisfy local market demands.

**Sen Robb:** What is OSD’s position on the issue of local and State entity exemption from competition for utility privatization? **Mr Yim:** Our legal council has advised us that no current legislation grants the State sovereign immunity over federal law directing competition for the government’s divestiture of utilities.

**Sen Inhofe:** Two questions on the nature of funding requests for the AFR and ANG. How does the AF handle \$10-12 million required annually to execute joint AF/civil airport repair projects? And why does Congress have to significantly add to AFR and ANG MILCON budget request to cut into a growing list of backlogged requirements?

**Gen Robbins:** AF uses total force assessment process to prioritize most urgent MILCON requirements for total AF. The process ensures an equitable distribution determined by the percent of total plant replacement value maintained by each component. We are looking at our model to readdress weighting of ARC facilities to improve their chances.

**Sen Robb:** If we continue to plus up ANG and AFR - Would like to at least add projects that are the top priorities for the Service **Gen Robbins:** Agree

**Sen Robb:** Mr Yim, Can you provide specifics of the recently negotiated deal with the German Govt to take over Rhein Main AB? **Mr Yim:** Taken for the record, but maybe Air Force can mention some key points now.

**Ms DeMesme:** This agreement involves a mission capability transfer of the airlift function at Rhein Main to both Ramstein and Spangdahlem AB in Germany. This agreement will not cover or affect family housing at these locations.

**Gen Robbins:** It was a good deal, we got what we asked for. The Germans will construct \$425M worth of requirements. USAF will add just under \$100M (around \$40M in MILCON) to move missions and satisfy requirements not included in the original 1958 base agreement with the Germans.

**Sen Inhofe:** This committee noticed that although the AF Family Housing Master Plan projects the upgrade of all inadequate houses by the OSD goal of 2010 for almost \$32B, current funding levels project a \$3.2B shortfall over the next ten years, pushing completion of the goal back to 2018. How does the AF plan to address this issue?

**Gen Robbins:** We’re working it. Definitely need continued privatization to balance with MILCON to get there. Dormitory program, on the other hand a great success - \$1.1B spread out to FY09, on track to meet goal. Will require fixing worst first, so a lot of investment in Europe and Korea.

**Ms DeMesme:** We have a great plan that targets our most urgent requirements first, currently our overseas housing. We’ll keep hammering away to take care of our people.

**The hearing’s first panel adjourned at 1030**